

# NEW APPLICATION



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## BEFORE THE ARIZONA CORPORATION COMMISSION

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DOCKET CONTROL

Arizona Corporation Commission

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### COMMISSIONERS

TOM FORESE - Chairman  
BOB BURNS  
ANDY TOBIN  
BOYD DUNN  
JUSTIN OLSON

In the matter of:

WEALTHCORP LLC, a Wyoming limited liability company, and

CHRISTOPHER WALKUP, an unmarried individual,

Respondents.

DOCKET NO. S-021066A-18-0415

NOTICE OF OPPORTUNITY FOR HEARING  
REGARDING PROPOSED ORDER TO CEASE  
AND DESIST, ORDER FOR RESTITUTION,  
ORDER FOR ADMINISTRATIVE  
PENALTIES, AND ORDER FOR OTHER  
AFFIRMATIVE ACTION

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING**

**EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents Christopher Walkup and Wealthcorp LLC have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

The Division also alleges that Walkup is a person controlling Wealthcorp within the meaning of A.R.S. § 44-1999(B), so that he is jointly and severally liable under A.R.S. § 44-1999(B) to the same extent as Wealthcorp for its violations of the antifraud provisions of the Securities Act.

### I.

### JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

**II.**

**RESPONDENTS**

2. Christopher Walkup resided in Arizona during 2013 through 2018.

3. Wealthcorp LLC was organized in Wyoming on April 16, 2014. Walkup signed Wealthcorp's articles of organization as the company's organizer. In these articles, Wealthcorp lists a Scottsdale P.O. Box for its mailing address and a Scottsdale address as its principal office address. Wealthcorp's operating agreement lists Walkup as a member and a manager.

4. Walkup and Wealthcorp may be referred to collectively as "Respondents."

**III.**

**FACTS**

5. From early 2013 through March 2017, Walkup offered and sold stock of two companies to at least seven individuals in approximately 15 transactions. The purchase price of these sales totaled at least \$1,192,430.

6. In at least three of the 15 transactions, Wealthcorp was the purported owner of the stock and an additional offeror and seller in these transactions. In these three transactions and one other (four total), the stock purchasers sent payment for their stock to Wealthcorp.

7. Additionally, during that same time, Walkup offered to sell stock in at least five companies to at least eight persons; these offers did not result in sales of the particular stock offered.

8. The stock that Respondents offered and sold was issued by two entities. The first is Amylex Pharmaceuticals, Inc., a pharmaceutical startup company.

9. The second company is Northsight Capital, Inc. a startup company located in Arizona that was supposed to provide services related to the medicinal marijuana industry.

10. In July 2013, Walkup offered and sold shares of Amylex stock to two buyers for \$5.00/share. Each buyer bought 5000 shares. The purchase agreements for this stock instruct the buyers to wire funds to Walkup's account at a Scottsdale bank or mail a check to Walkup's P.O. Box in Scottsdale. The buyers each mailed a \$25,000 check to Walkup's P.O. Box in Scottsdale.

1           11. Walkup told these two buyers that Walkup was the manager of a multi-billion-dollar  
2 hedge fund and that Amylex had developed a cure for Alzheimer's disease.

3           12. A few weeks after the initial purchase, Walkup told one of these buyers that Amylex  
4 had obtained FDA approval of its Alzheimer's treatment. Based on this representation, on November  
5 11, 2013, the buyer bought an additional 15,000 shares from Walkup for \$75,000. The purchase  
6 agreement for this stock instructs the buyer to wire funds to Walkup's account at a Scottsdale bank  
7 or mail a check to Walkup's P.O. Box in Scottsdale. The buyer mailed two checks, a total of \$75,000,  
8 to Walkup's Scottsdale P.O. Box.

9           13. In July 2014, Walkup offered and sold Amylex shares to a Missouri resident for  
10 \$44,000. The Missouri resident first met Walkup in Scottsdale, Arizona while on a business trip.  
11 Walkup told the Missouri resident that Amylex had developed a cure for Alzheimer's and that the  
12 stock would soon be worth a lot of money when Amylex completed an initial public offering.

13           14. In the summer of 2014, Walkup and Wealthcorp solicited the Missouri resident to  
14 purchase Northsight stock. Walkup stated that he could obtain and sell shares for \$.25/share when  
15 their market value was \$2.00/share. In September 2014, the Missouri resident purchased 800,000  
16 shares for \$.25/share by wiring a total of \$200,000 to Wealthcorp's account at a Scottsdale bank.

17           15. A few weeks later, Walkup and Wealthcorp offered and sold an additional 900,000  
18 Northsight shares to the Missouri resident. Walkup informed the Missouri resident that he could still  
19 purchase Northsight shares for \$.25/share. As a result of this, the Missouri resident purchased an  
20 additional 900,000 Northsight shares from Wealthcorp at \$.25/share, a total of \$225,000.

21           16. The Missouri resident obtained a portion of the purchase funds for this second  
22 purchase from at least three other individuals who had met with Walkup or participated on a  
23 conference call where Walkup offered Northsight stock to the persons on the call. Walkup informed  
24 these offerees that he was a licensed stock broker with a "series 7 license," that he frequently met  
25 with prominent business leaders, and that he usually does not get involved in stock transactions that  
26 involve less than \$250,000 but that he was doing this as a favor to the Missouri resident. Walkup also

1 stated that Northsight stock was selling for \$2.00/share, but that Walkup could sell it for \$.25/share  
2 and that he anticipated the stock would soon be worth \$10.00/share.

3 17. Walkup and Weathcorp never delivered a stock certificate for the 900,000 Northsight  
4 shares and ownership of these shares was never transferred on Northsight's stock ledger.

5 18. In September 2014, Walkup and Wealthcorp offered and sold Northsight stock to a  
6 Texas resident. Walkup informed the Texas resident that Northsight stock was selling for  
7 \$2.52/share, but that Walkup would sell shares for \$.25/share. Based on these representations, the  
8 Texas resident wired \$150,000 to Wealthcorp's account at a Scottsdale bank for the purchase of  
9 600,000 Northsight shares.

10 19. Respondents never delivered the 600,000 shares to the Texas resident and Northsight  
11 did not transfer ownership of the shares to the Texas resident.

12 20. In April 2015, Walkup offered and sold Northsight stock to an Arizona resident. This  
13 Arizona resident transferred \$23,200 to Walkup for 90,000 shares. Walkup, however, provided this  
14 purchaser with a stock certificate for only 60,000 shares. The purchaser never received the additional  
15 30,000 shares.

16 21. From May 2016 through March 2017, Walkup offered and sold Northsight stock for  
17 \$.09/share to at least two other persons in seven transactions for a total of purchase price of \$425,230.  
18 In one of the transactions, the purchaser wired his purchase money to Wealthcorp. These two persons  
19 were Alaska residents who conducted business in Arizona, met Walkup while in Arizona, and whom  
20 Walkup offered Northsight stock while they were in Arizona.

21 22. Walkup represented to one of the Alaska-based persons that Walkup was a successful  
22 business man with a net worth of tens of millions of dollars and that he owned several mines,  
23 pharmacies, and interests in various global companies. When he discussed Northsight, Walkup stated  
24 that Northsight's stock was trading at \$.12 to \$.13/share, but that it was going to increase to a  
25 minimum of \$2.00/share in approximately 60 days. He later told this person that Northsight stock  
26 price would soon "blow up" i.e. greatly increase in value. The purchaser bought Northsight stock

1 from Walkup based on these representations. Walkup did not disclose that during the previous three  
2 years he had made similar, false predictions to several Northsight stock purchasers and offerees.

3 23. Walkup represented to the other Alaska-based purchaser that Walkup had a net worth  
4 of several million dollars. Walkup told the other Alaska-based person that Northsight stock had a lot  
5 of potential upside and would be worth \$1.00/share or more in the near future. Walkup did not  
6 disclose that during the previous three years he had made similar, false predictions to several  
7 Northsight stock purchasers and offerees.

8 24. Walkup and Wealthcorp failed to disclose to several Northsight stock purchasers and  
9 offerees that Northsight's history did not show any growth; instead the company had net operating  
10 losses of approximately \$10 million in 2014, \$8 million in 2015, and \$2 million in 2016.

11 **IV.**

12 **VIOLATION OF A.R.S. § 44-1842**

13 **(Transactions by Unregistered Dealers or Salesmen)**

14 25. Respondents offered or sold securities in the form of stock within or from Arizona while  
15 not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

16 26. This conduct violates A.R.S. § 44-1842.

17 **V.**

18 **VIOLATION OF A.R.S. § 44-1991**

19 **(Fraud in Connection with the Offer or Sale of Securities)**

20 27. In connection with the offer or sale of securities within or from Arizona, Respondents  
21 directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements  
22 of material fact or omitted to state material facts that were necessary in order to make the statements  
23 made not misleading in light of the circumstances under which they were made; or (iii) engaged in  
24 transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon  
25 offerees and investors. Respondents' conduct includes, but is not limited to, the following:  
26



1 a) Representing to several stock buyers and offerees that Northsight stock would  
2 increase in value very soon without disclosing that during the previous years, Walkup had made similar,  
3 false predictions to several Northsight stock purchasers and offerees.

4 b) Representing to several stock purchasers and offerees that Northsight stock  
5 would increase in value while failing to disclose that Northsight's history did not show any growth;  
6 instead the company had net operating losses of approximately \$10 million in 2014, \$8 million in 2015,  
7 and \$2 million in 2016.

8 c) Selling 90,000 Northsight shares to a person for \$23,200 and only delivering  
9 60,000 shares.

10 d) Selling a total of 1,500,000 shares to two investors for \$375,000 and not  
11 delivering the stock.

12 28. This conduct violates A.R.S. § 44-1991.

13 **VI.**

14 **CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999**

15 29. Walkup directly or indirectly controlled Wealthcorp within the meaning of A.R.S. §  
16 44-1999. Therefore, Walkup is jointly and severally liable to the same extent as Wealthcorp for its  
17 violations of A.R.S. § 44-1991.

18 **VII.**

19 **REQUESTED RELIEF**

20 The Division requests that the Commission grant the following relief:

21 1. Order Respondents to permanently cease and desist from violating the Securities Act,  
22 pursuant to A.R.S. § 44-2032;

23 2. Order Respondents to take affirmative action to correct the conditions resulting from  
24 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to  
25 A.R.S. § 44-2032;

1           3.       Order Respondents to pay the state of Arizona administrative penalties of up to \$5,000  
2 for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

3           4.       Order any other relief that the Commission deems appropriate.

4                               **VIII.**

5                               **HEARING OPPORTUNITY**

6           Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If**  
7 **a respondent requests a hearing, the requesting respondent must also answer this Notice.** A request  
8 for hearing must be in writing and received by the Commission within 10 business days after service of  
9 this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to  
10 Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007.  
11 Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the  
12 Commission's website at <http://www.azcc.gov/divisions/hearings/docket.asp>.

13           If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20  
14 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or  
15 ordered by the Commission. If a request for a hearing is not timely made the Commission may, without  
16 a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for  
17 Hearing.

18           Persons with a disability may request a reasonable accommodation such as a sign language  
19 interpreter, as well as request this document in an alternative format, by contacting Kacie Cannon,  
20 ADA Coordinator, voice phone number (602) 542-3931, e-mail [kcannon@azcc.gov](mailto:kcannon@azcc.gov). Requests should  
21 be made as early as possible to allow time to arrange the accommodation. Additional information  
22 about the administrative action procedure may be found at  
23 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

**IX.****ANSWER REQUIREMENT**

Pursuant to A.A.C. R14-4-305, if a respondent requests a hearing, the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's website at <http://www.azcc.gov/divisions/hearings/docket.asp>.

Additionally, the answering respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007, addressed to Ryan Millecam.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of the answering respondent or respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering respondent intends in good faith to deny only a part or a qualification of an allegation, the respondent shall specify that part or qualification of the allegation and shall admit the remainder. The answering respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated December 31, 2018.



Mark Dinell  
Acting Director of Securities